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World economic situation and prospects as of mid-2018*

Summary

Short-term prospects for the world economy have continued to improve. World gross product is expected to expand by 3.2 per cent in 2018 and 2019, marking an upward revision of the forecasts released in December 2017. The recent improvement reflects a further uptick in the growth outlook for developed economies in 2018, on the strength of accelerating wage growth, broadly favourable investment conditions and the short-term impact of a fiscal stimulus package in the United States of America. Higher energy and metal prices are also supporting a gradual recovery in many commodity-exporting countries.

The improvement in economic growth, however, has been accompanied by an increase in downside risks, including: the growing probability of trade conflicts between major economies; increased uncertainty regarding the pace of monetary policy adjustment in developed economies; high and increasing levels of debt; and greater geopolitical tensions.

The current economic picture has important implications for progress towards meeting the Sustainable Development Goals of the 2030 Agenda for Sustainable Development. The continued improvement in global macroeconomic conditions offers an opportunity to raise living standards on a broad scale; however, that requires policies to reduce inequality and ensure that economic gains are shared widely. The recent acceleration in economic growth has come at an environmental cost and was partly responsible for the rise in global energy-related carbon dioxide (CO_2) emissions in 2017. Efforts to decouple economic growth from increases in emissions have thus far been insufficient to meet the objectives of the Paris Agreement. In trade, policymakers face an increasing tendency to move away from the multilateral framework.

* The present document updates *World Economic Situation and Prospects 2018* (United Nations publication, Sales No. E.18.II.C.2), released in December 2017.

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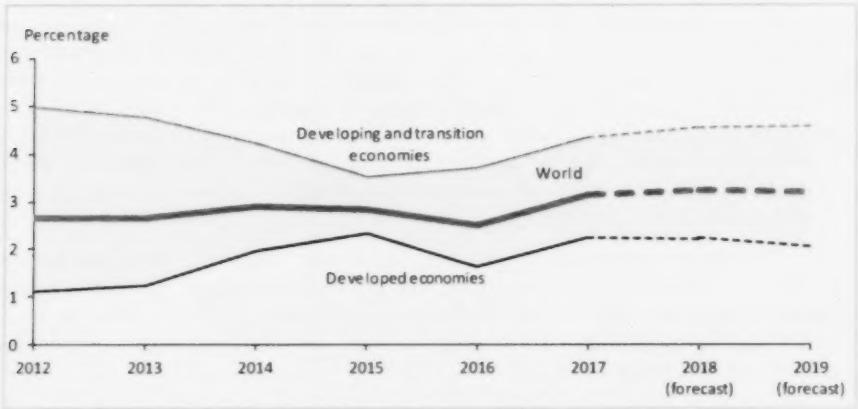
I. Global macroeconomic trends

A. Global overview

Improved short-term prospects

1. It was noted in the *World Economic Situation and Prospects 2018* that the world economy had strengthened in 2017. Over the past several months, short-term prospects have continued to improve. World gross product is expected to expand by 3.2 per cent in 2018 and 2019 (see figure I and table), marking an upward revision of the forecasts released in December 2017. The recent improvement reflects a further uptick in the growth outlook for developed economies in 2018, on the strength of accelerating wage growth, broadly favourable investment conditions and the short-term impact of a fiscal stimulus package in the United States of America. World trade growth has accelerated, reflecting a widespread revival of demand. Many commodity-exporting countries will also benefit from higher energy and metal prices. The modest rise in global commodity prices will exert some upward pressure on inflation in many countries but inflationary pressures remain contained across most developed and developing regions.

Figure I
Growth in gross domestic product, 2012–2019



Source: Department of Economic and Social Affairs.

Build-up of risks

2. In parallel with the improvement in economic growth, however, there has been a rise in risks to the economic outlook, including: the growing probability of trade conflicts between major economies; increased uncertainty regarding the pace of monetary policy adjustment in the United States; high and increasing levels of debt; elevated asset valuations, which may in some cases indicate underpriced risk; and an undercurrent of geopolitical tension, for instance on the Korean peninsula and in the Middle East, in the South China Sea and in Ukraine.

Table
Growth of world output, 2016–2019

	Annual percentage change				*Change from World Economic Situation and Prospects 2018 forecast*[a]	
	2016	*2017*[b]	*2018*[c]	*2019*[c]	*2018*	*2019*
World	2.5	3.1	3.2	3.2	0.2	0.1
Developed economies	1.6	2.3	2.2	2.1	0.2	0.2
United States of America	1.5	2.3	2.5	2.3	0.4	0.2
Japan	0.9	1.7	1.6	1.5	0.4	0.5
European Union	2.0	2.4	2.2	2.0	0.1	0.0
EU-15	1.9	2.2	2.0	1.8	0.1	0.0
EU-13	3.1	4.6	3.9	3.6	0.2	0.1
Euro area	1.8	2.3	2.1	1.9	0.1	0.1
Other developed countries	1.9	2.4	2.3	2.3	-0.1	0.1
Economies in transition	0.3	2.0	2.1	2.2	-0.1	-0.2
South-Eastern Europe	3.0	2.2	3.0	3.4	-0.1	0.1
Commonwealth of Independent States and Georgia	0.2	2.0	2.1	2.1	-0.1	-0.2
Russian Federation	-0.2	1.5	1.7	1.7	-0.2	-0.2
Developing economies	4.0	4.6	4.8	4.8	0.1	0.0
Africa	1.6	3.7	3.6	3.9	0.1	0.2
North Africa	2.7	6.6	4.5	4.8	0.3	0.6
East Africa	5.5	5.7	6.0	6.1	0.2	-0.1
Central Africa	-1.0	-0.1	1.8	2.8	-0.2	0.3
West Africa	0.2	2.2	3.5	3.4	0.2	0.0
Southern Africa	0.7	1.4	1.9	2.3	-0.4	-0.2
East and South Asia	6.1	6.0	5.9	5.9	0.1	0.0
East Asia	5.7	6.1	5.8	5.7	0.0	0.0
China	6.7	6.9	6.5	6.3	0.0	0.0
South Asia	8.0	6.0	6.6	6.8	0.2	-0.1
India[d]	7.1	6.7	7.5	7.6	0.3	0.2
Western Asia	3.2	3.0	3.3	2.7	0.9	0.0
Latin America and the Caribbean	-0.9	1.0	2.1	2.5	0.0	0.0
South America	-2.4	0.6	1.9	2.5	0.0	0.0
Brazil	-3.5	1.0	2.4	2.7	0.4	0.2
Mexico and Central America	3.0	2.3	2.5	2.6	-0.1	0.0
Caribbean	-0.5	0.3	2.0	2.2	0.2	0.3
Least developed countries	3.9	4.7	5.2	5.5	-0.1	0.0
Memorandum items:						
World trade[e]	2.4	4.3	3.8	3.8	0.3	0.2
World output growth with purchasing power parity-based weights	3.2	3.7	3.9	3.8	0.2	0.1

Source: Department of Economic and Social Affairs.

[a] Adjusted to 2012 prices.

[b] Partly estimated.

[c] Forecast, based in part on Project LINK.

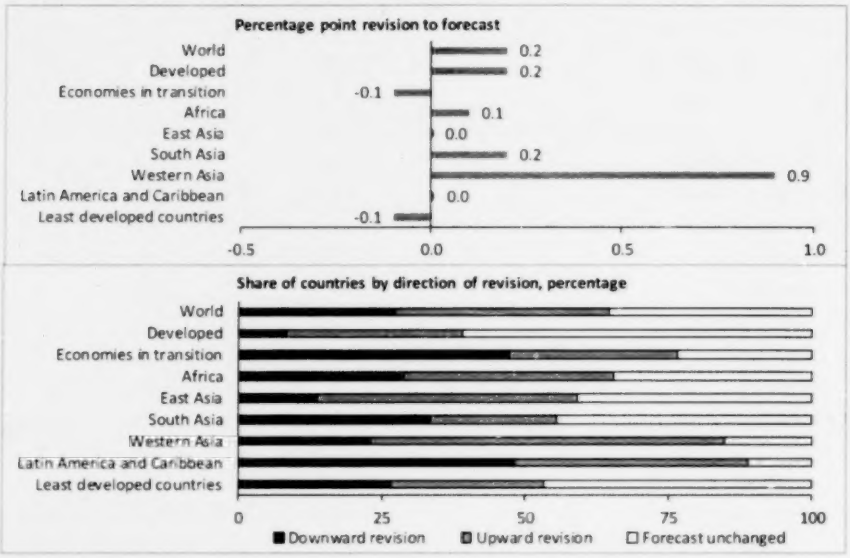
[d] Fiscal year basis.

[e] Includes goods and services.

Some regions lagging behind

3. Forecasts for gross domestic product (GDP) growth in 2018 have been revised upward in nearly 40 per cent of countries since December (see figure II) and downward in about 25 per cent of countries. Some countries and regions are not sharing in the global cyclical upturn, which in many cases reflects structural impediments to development. In per capita terms, output is expected to decline in Central and in Southern Africa in 2018. Forecasts for the economies in transition and the least developed countries have been revised marginally downward for 2018. For the economies in transition, the downward revision predominantly reflects rising geopolitical tensions between the Russian Federation and several countries. In the case of the least developed countries, weaker growth prospects are largely driven by the deteriorating situation in Yemen.

Figure II
Forecast revisions for GDP growth in 2018



Source: Current Department of Economic and Social Affairs forecasts compared with those reported in *World Economic Situation and Prospects 2018*.

4. It is estimated that GDP growth in the least developed countries will reach 5.2 per cent in 2018 and 5.5 per cent in 2019, continuing a steady acceleration since 2015. Some large least developed countries, including Bangladesh, Cambodia, Ethiopia, Myanmar and the United Republic of Tanzania, are growing at an average annual rate in line with the 7 per cent cited in target 8.1 of the Sustainable Development Goals but many small island developing States and countries affected by conflict remain well below that target. Per capita economic growth in the least developed countries is rising steadily, although at levels insufficient to eradicate extreme poverty: longer-term growth projections point to 35 per cent of the population in those countries remaining in extreme poverty by 2030.[1] Faster GDP growth and a significant reduction in income inequality would be needed to alter that outcome.

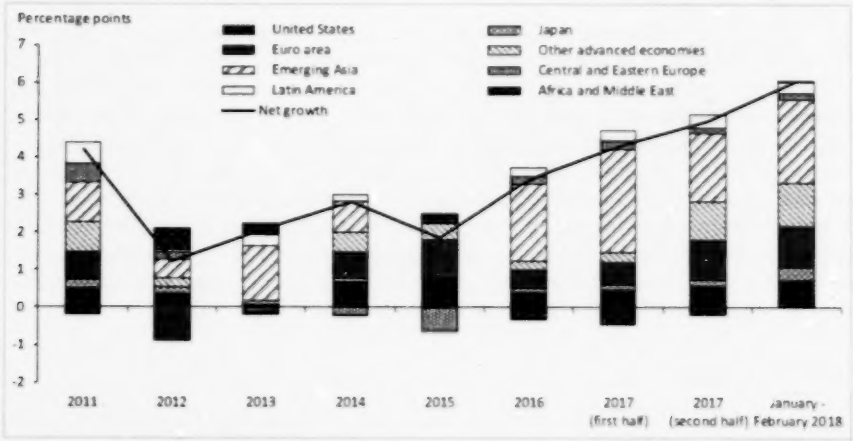
[1] *World Economic Situation and Prospects 2017* (United Nations publication, Sales No. E.17.II.C.2), pp. 25–27.

5. As emphasized in *World Economic Situation and Prospects 2018*, the improvement in macroeconomic conditions offers policymakers greater scope to address some of the deeply rooted barriers that hamper progress towards the Sustainable Development Goals, including by: accelerating the process of economic diversification; tackling high or rising levels of inequality; supporting essential investment; and strengthening institutions and governance to build a more transparent and dynamic business environment. The ongoing rise in economic risks makes meeting that challenge all the more imperative, in order to build resilience in advance of any future economic shocks.

World trade growth

6. In the first two months of 2018, growth in the volume of world merchandise trade strengthened further (see figure III), in tandem with the continued improvement in global manufacturing output. All regions contributed positively to global import demand for the first time in several years, reflecting a broad-based revival of demand. That was driven in part by the ongoing recovery in investment activity in the developed economies and solid domestic demand in East Asia, in particular China. Strong global demand for electronics has also boosted intraregional trade activity in East Asia, given the region's deep integration into the industry's global production networks.

Figure III
Contribution to global merchandise import volume growth (year-on-year), 2011–2018



Source: Department of Economic and Social Affairs, based on data from CPB Netherlands Bureau for Economic Policy Analysis.

Note: Regional groupings are not strictly comparable with those contained in *World Economic and Social Prospects 2018* but rather are illustrative of regional tendencies.

7. Leading indicators in many developed and developing countries point to solid, albeit more moderate, trade momentum in subsequent months of 2018. Following growth of 4.3 per cent in 2017, the volume of global trade in goods and services is projected to moderate slightly but continue expanding at a relatively robust pace of 3.8 per cent in 2018 and 2019. Nonetheless, there are significant downside risks to these forecasts, given the growing uncertainty regarding trade policy and rising number of trade disputes among major economies, as discussed below.

8. The strong recovery in global import demand continues to push up energy and metal prices. The price of Brent crude averaged $68 per barrel in the first four months of 2018, compared with $54 per barrel in 2017. Metal prices are projected to continue recovering in 2018, driven by robust industrial production, in particular in China. Agricultural prices are projected to remain stable, although they are prone to localized spikes relating to drought and conflict in parts of Western Asia and Africa.

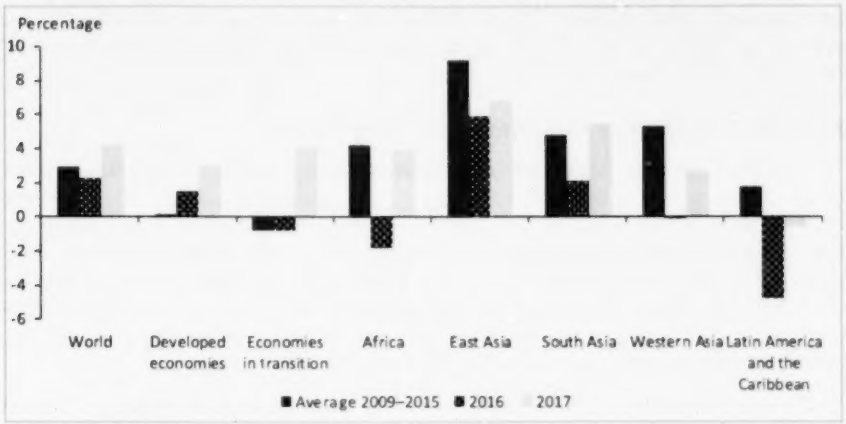
9. Global financial conditions remain broadly favourable, given the still largely loose monetary policy stances of the major central banks, high market liquidity and the generally well-capitalized banking systems in developed economies. Despite some increase in volatility, global stock market sentiment and expectations for corporate earnings are largely positive and cross-border bank lending continues to recover. Equity and bond flows to emerging economies have improved since the slump observed in 2015 and 2016. That has contributed to the maintenance of relatively low borrowing costs and spreads.

Accelerated investment growth

10. Against that backdrop, investment conditions have improved since early 2017. Investment growth accounted for more than three quarters of the acceleration in global economic activity in 2017. In particular, private, non-residential investment growth in developed countries has been more robust: machinery and equipment investment accelerated in 2017 in a number of large economies, including Canada, France, Germany, Japan, Spain and the United States. That recent improvement, however, follows an extended period of relatively weak investment growth since the global financial crisis of 2008 and 2009 (see figure IV).

11. The recent performance of investment is more heterogeneous in developing and transition economies. Investment demand has been vigorous in East Asia, for example in Indonesia, Malaysia and the Philippines, amid robust trade growth, accelerating manufacturing production and public infrastructure outlays. The investment outlook has also improved in some commodity-dependent economies, such as Brazil, Chile, Nigeria, Peru and the Russian Federation, as prices of key commodities have moved upward. In many low-income countries, in particular in parts of Africa, where the marginal return to any investment tends to be relatively high, the level of investment appears to be insufficient to achieve more sustained and inclusive growth. Moreover, investment remains highly concentrated in extractive industries, rather than being used to lay the foundations for a more diversified economy.

Figure IV
Investment growth by region, 2009–2017



Source: Department of Economic and Social Affairs estimates.

B. Macroeconomic policy stance

Gradual monetary policy adjustment in developed economies

12. In the developed economies, the process of monetary policy adjustment is expected to continue at a measured pace, as inflation remains close to or below most central bank targets. The deflationary pressures that were a major source of policy concern in 2015 and 2016 have subsided. In response to stronger growth and improved labour market conditions, a few central banks have recently signalled a slightly faster pace of monetary adjustment and balance sheet normalization going forward.

13. In March, the Federal Reserve Bank of the United States raised the target range for the federal funds rate by 25 basis points to 1.5–1.75 per cent, maintaining its expectations for two further rate hikes in 2018. At the same time, it lifted its projections for 2019 to three hikes. The European Central Bank recently dropped an explicit commitment to purchase additional assets should economic activity deteriorate. That follows its decision in 2017 to reduce the amount of its monthly asset purchases. Nevertheless, the Bank reiterated that interest rates would remain at the current near-zero levels for an extended period. Meanwhile, the Bank of England signalled a further rate hike in 2018. By contrast, the Bank of Japan is expected to maintain its ultra-loose monetary policy stance, reflecting the continued divergence in the magnitude and timing of monetary policy adjustments among the developed countries.

14. In most developing and transition economies, monetary policy is likely to remain supportive of growth, amid benign inflationary pressures and heightened uncertainty in the external environment. Nonetheless, it is expected that a growing number of countries will gradually reduce the level of monetary accommodation. Prolonged accommodative monetary conditions have contributed to a build-up of debt in several countries, posing a growing policy challenge for central banks.

15. In early 2018, a few large commodity exporters, including Argentina, Brazil, Colombia, the Russian Federation, South Africa and Zambia, lowered interest rates further to support the nascent economic recovery. As growth stabilizes, however, the monetary easing cycle in most of those economies is projected to come to an end.

Central banks in several commodity-importing economies in East and South Asia, including China, Malaysia, Pakistan and the Republic of Korea, raised interest rates in 2017 and 2018. Nevertheless, given the high degree of external uncertainty, central banks are expected to remain cautious. In several countries, particularly in the African region, monetary policy remains tight, given weakened domestic currencies and elevated inflation rates.

Procyclical fiscal policy expansion in the United States

16. Against the backdrop of a synchronized upturn in economic activity, Governments in most developed countries have adopted a broadly neutral fiscal policy stance for 2018–2019. The main exception is the United States. Recently passed budget changes are expected to boost economic growth in the near term, while significantly increasing the public deficit and debt over the medium term (see section II). With the economy close to full employment, the fiscal expansion is highly procyclical. Such an increase in debt is unusual outside a recession, leaving fiscal policy with far less room to respond to the next economic downturn.

17. Fiscal policy in the European Union, by contrast, is expected to have a neutral impact on growth in the period 2018–2019, as many countries have moved away from austerity in recent years. Across the region, stronger GDP growth and significant labour market gains have driven cyclical improvements in budget balances by boosting tax revenues and reducing welfare expenditure. Almost all European countries are projected to record a primary balance surplus in 2019 but the region's aggregate debt-to-GDP ratio remains high and is expected to decline only slowly.

Easing fiscal pressures for commodity exporters

18. Higher commodity prices and a gradual recovery in GDP growth are expected to ease fiscal pressures in many developing and transition economies, including major commodity exporters such as Brazil, the Russian Federation and Saudi Arabia. General government balances will nonetheless remain in deficit and debt-to-GDP ratios are expected to rise further in many African, Latin American and Western Asian economies. Fiscal policy will thus remain relatively tight in the forecast period. In East and South Asia, fiscal policy remains supportive of growth, focusing on infrastructure spending and the expansion of social welfare systems. Fiscal deficits in the region are expected to remain broadly stable. In China, the budget deficit target has been reduced from 3 per cent of GDP in 2017 to 2.6 per cent in 2018, the first targeted decline in several years. Further discussion on regional policy developments is included in section II.

C. Risks to the outlook

19. The baseline forecast set forth in the present report, which represents the most likely trajectory for the global economy, points to further improvement in short-term prospects. Nonetheless, there are significant downside risks that have the potential to reverse recent improvements.

Escalation of trade policy disputes

20. Trade tensions among many of the world's largest economies have been building. Major agreements, such as the North American Free Trade Agreement, have undergone prolonged renegotiation and a range of tariff and trade barriers have been put forward by major economies. In addition to such measures, taken outside the purview of the World Trade Organization (WTO), a growing number of disputes have been raised within WTO in recent months, including cases involving Australia,

Canada, China, India, Pakistan, the Republic of Korea, the Russian Federation, Ukraine, the United Arab Emirates, the United States and Viet Nam. A move towards a more fragmented international trade landscape could reverse recent improvements in the global economy. A sharp increase in trade barriers and disputes could slow trade and investment considerably in the short term and hamper medium-term global growth, given the deep links between trade, investment and productivity growth.

21. The direct impact of measures that have been introduced and proposed in recent months, including proposed tariffs on $50 billion worth of exports from China and from the United States (equivalent to between 0.2 and 0.4 per cent of GDP in each country), would be relatively modest at the macroeconomic level. The baseline forecast set forth in the present report sees world trade growth slowing modestly in 2018 but remaining relatively robust at 3.8 per cent, on the assumption that trade tensions do not escalate significantly and global spillover remains contained. Under an alternative scenario, spiralling trade tensions and rapidly rising barriers over the course of 2018, through widespread retaliation and extensive disruption to global value chains, could trigger a sharp drop in global investment and trade. For example, a shock to investment and trade equivalent to roughly half the losses seen during the global financial crisis could bring trade growth to a halt and slow world gross product growth to 1.8 per cent in 2019, compared with baseline projections for growth of 3.2 per cent.[2]

Build-up of financial risks

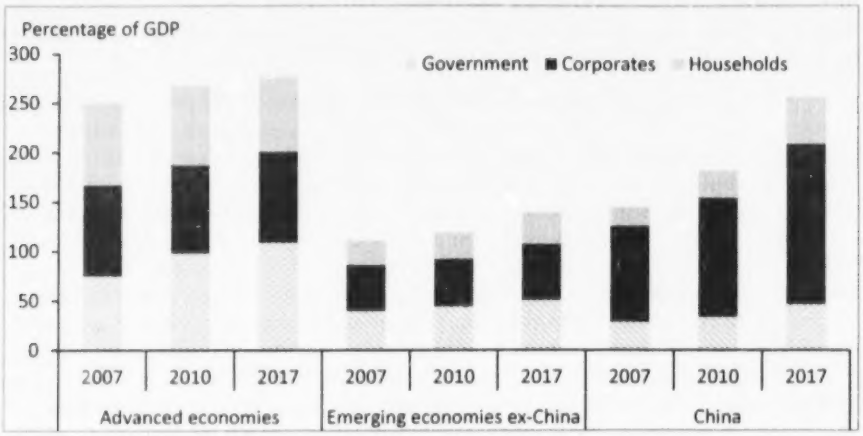
22. Global financial conditions remain relatively conducive to investment but risks have been building in recent years. The prolonged period of abundant global liquidity and low borrowing costs has not translated into a sustained, widespread and robust recovery of investment. On the contrary, it has mostly encouraged the issuance of debt securities, merger and acquisitions strategies and an increase in corporate buybacks. This has been associated with a significant rise in financial asset valuations and a substantial increase in debt levels across regions. Increased volatility in the global stock markets in early 2018 serves as a reminder that the vulnerabilities that have built up in many emerging economies leave them exposed to spikes in risk aversion, a disorderly tightening of global liquidity conditions and sudden capital withdrawal.

23. Elevated, and in some cases still rising, levels of debt are a prominent feature of the global economy. Public and private debt remains historically high in many developed economies and household and corporate debt is higher than before the global financial crisis. In emerging economies,[3] the debt-to-GDP ratio (all credit to non-financial sector) increased from 139 per cent in 2010 to nearly 200 per cent in 2017. Non-financial sector debt in China increased from 180 to over 250 per cent of GDP (see figure V). Debt levels also rose markedly in Latin America: from 125 to 145 per cent in Brazil and from 56 to 77 per cent in Mexico. In many of those economies, a significant portion of that debt has been channelled towards real estate and financial assets rather than productive capital. The extent to which corporate debt is not backed by productive assets is a source of financial risk, which in some cases has the potential to spillover significantly to the world economy.

[2] Department of Economic and Social Affairs, World Economic Situation and Prospects: Monthly Briefing, No. 114 (May 2018). Available at www.un.org/development/desa/dpad/wp-content/uploads/sites/45/publication/wesp_mb114.pdf.

[3] As defined by the Bank for International Settlements (see www.bis.org/statistics/tables_f.pdf).

Figure V
Breakdown of non-financial sector debt in advanced and emerging economies, 2007–2017



Source: Bank for International Settlements, total credit statistics.

24. As financial risks grow, policymakers face the challenge of enhancing resilience to external shocks and, in some cases, curbing credit growth and managing the pace of private sector deleveraging. If deleveraging occurs too rapidly, it could spark banking sector stress, corporate bankruptcies or sudden adjustments in asset prices. Many emerging economies have improved their macroeconomic management and are better prepared to make use of a wider policy toolkit through monetary, fiscal, exchange-rate and macroprudential policies and capital account management measures. Even so, appropriate policies to encourage an adequate level and composition of productive investments are also crucial to promoting productivity gains and lifting potential growth in the medium term.

25. Monetary policy adjustment in developed economies is progressing gradually but the procyclical nature of fiscal policy in the United States has added to uncertainty about the pace of adjustment and increased the probability of a more rapid withdrawal of monetary stimulus. That in turn encourages volatility in the global financial markets. Many developing countries are exposed to associated risks, in particular where a sizeable portion of the debt accumulated in recent years is denominated in dollars. The prospect of tighter liquidity and spikes in risk aversion expose emerging economies to the risk of higher borrowing costs, the depreciation of domestic currencies and a decline in equity prices. That could have an adverse impact on banking and corporate sector balance sheets and on the capacity to roll over debt. Moreover, the corporate sector will face a heavy debt-servicing schedule in the coming few years, especially in the case of a sudden appreciation of the United States dollar. The effects on real economic activity, through a sharp slowdown in investment, higher inflation or fiscal adjustment measures, could be considerable.

II. Economic outlook by region

A. Developed economies

26. The economy of the United States is operating at or close to full capacity. The unemployment rate has dropped to 4.1 per cent, which is below most estimates of its long-run equilibrium level, and the ratio of job openings to job seekers is at its highest

since at least 2000. Rising capacity utilization rates have supported a rebound of investment in equipment.

27. Although activity moderated slightly in the first quarter of 2018, prospects for the year remain firm, buoyed by major fiscal stimulus measures introduced in the Tax Cuts and Jobs Act of December 2017 and the Bipartisan Budget Act of 2018. GDP growth is expected to reach 2.5 per cent in 2018 and 2.3 per cent in 2019. The drop in average income tax rates by 2 percentage points since January 2018 will sustain steady household spending. That said, after-tax wage inequality is expected to continue to rise, as higher income households reap a greater share of tax cuts.

28. A steep decline in the corporate tax rate will continue to support investment in the near term. The budget also includes additional federal spending amounting to 1 per cent of GDP in the period 2018–2019. Those stimulus measures will lead the federal deficit to widen from 3.5 per cent of GDP in 2017 to about 5 per cent by 2019. Government debt will continue to rise relative to GDP for the next decade. The aggressive fiscal expansion, at a point when the economy is operating near full capacity, coupled with potential upward pressure on inflation from import tariffs, may accelerate the pace of interest rate rises by the Federal Reserve Bank.

29. In Canada, the economy registered exceptional growth of 3 per cent in 2017, driven by fiscal stimulus measures and strong gains in housing wealth. Economic activity is expected to expand at a more moderate but healthy pace of between 2 per cent and 2.2 per cent in 2018 and 2019. Elevated uncertainty regarding the renegotiation of the North American Free Trade Agreement will restrain the recovery in investment in the near term.

30. In Japan, the forecast for GDP growth for 2018 has been revised upward from 1.2 to 1.6 per cent, reflecting improvements in external and domestic demand. Domestic demand is supported by rising corporate profits and tightening labour market conditions. That should support a gradual increase in real wages, which will in turn exert some upward pressure on consumer prices in 2018. The potential for a sharp appreciation of the Japanese yen poses a key downside risk to the economy.

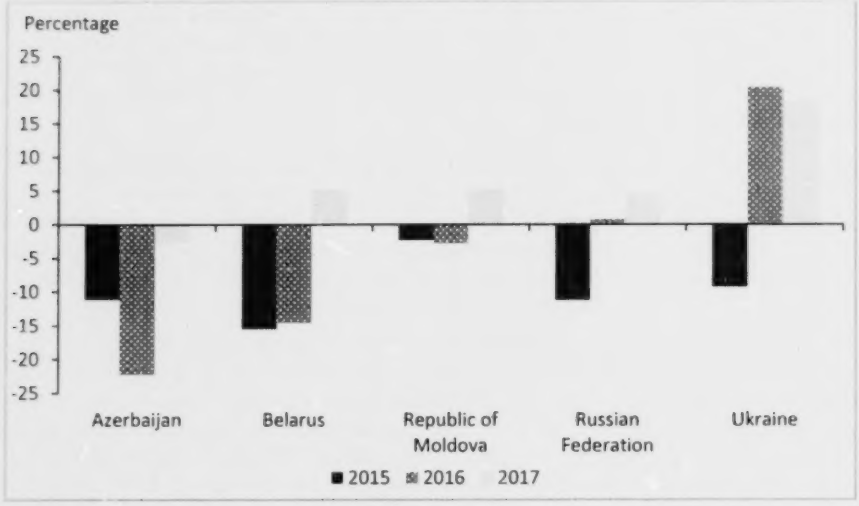
31. The growth outlook for Europe remains robust but downside risks are high. The euro area is projected to expand by 2.1 per cent in 2018 and 1.9 per cent in 2019, a marginal upward revision of the previous forecast. Strong private consumption growth is underpinned by dynamic labour market conditions and rising disposable incomes. Business investment and construction activity will also be supported by the loose monetary policy stance of the European Central Bank. Even so, downside risks to the region's outlook have increased. Amid rising trade tensions among major economies, various product groups have become the subject of new or changed tariff regimes. A widening of trade restrictions would pose a significant risk, especially to the export-reliant European economies. The transition phase that will follow the departure of the United Kingdom of Great Britain and Northern Ireland from the European Union will bring with it considerable uncertainty, in particular with regard to future trade relations between the two parties. That increases the risk of businesses diverting investments away from the United Kingdom. The European Central Bank faces the challenge of designing and communicating a normalization of its monetary policy stance, in terms of its asset purchases and the policy rate, which could become an additional source of financial market volatility.

32. Growth in the Eastern European and Baltic member States, driven by robust export performance and infrastructure spending, which has been boosted by a surge in the inflow of European Union funds, is expected to remain above the Union average. Nonetheless, rising debt and the potential build-up of housing bubbles pose medium-term challenges.

B. Economies in transition

33. Growth in the energy-exporting economies of the Commonwealth of Independent States (CIS), supported by higher oil prices and prudent macroeconomic policies, is expected to remain positive in 2018 and 2019. The Russian Federation exited recession in 2017, amid stronger private consumption and a moderate rebound in fixed investment, buoyed by preparations for the International Federation of Association Football World Cup in 2018. In early 2018, low inflationary pressures, a stable currency and the planned increase in public sector wages laid the groundwork for a further boost in consumer spending. The intensification of geopolitical tensions and the imposition of additional economic sanctions, however, have since complicated the activities of Russian companies and put downward pressure on the currency. That may spur inflation and curb consumer spending, thereby restraining growth to 1.7 per cent in 2018. In Kazakhstan, growth may exceed 3 per cent, driven by rising oil output and investment in transport infrastructure.

Figure VI
Real investment dynamics in selected Commonwealth of Independent States economies, 2015–2017



Sources: National statistics offices and central banks.
Note: Data for 2017 are preliminary.

34. Among CIS energy-importers, Ukraine recorded growth of 2.5 per cent in 2017, supported by a solid upturn in investment (see figure VI). Growth is projected to remain relatively stable in the outlook period, provided external financial assistance continues. The possible reduction in the amount of Russian natural gas transiting through the country presents a moderate downside risk to growth in 2019. In early 2018, remittance flows to the smaller CIS countries in Central Asia and the Caucasus remained robust, bolstering private spending, although the weakening of the Russian rouble presents a risk. Going forward, the Central Asian countries should also benefit from the implementation of the Belt and Road Initiative. Aggregate GDP of the CIS countries and Georgia is expected to increase by 2.1 per cent in 2018 and 2019.

35. The outlook is generally favourable for South-Eastern Europe, where aggregate GDP, supported by investment and exports, is expected to expand by 3 per cent in 2018 and 3.4 per cent in 2019.

C. Developing countries

Asia

36. The short-term growth outlook for East Asia remains robust, with regional GDP projected to expand at a steady pace of 5.8 per cent in 2018 and 5.7 per cent in 2019. Growth will be underpinned by resilient private consumption and public investment and the ongoing improvement in external demand.

37. In China, growth is expected to remain solid, owing to robust consumer spending and supportive fiscal policies. As structural reforms proceed, growth is projected to slow gradually from 6.9 per cent in 2017 to 6.5 per cent in 2018 and 6.3 per cent in 2019. Continued efforts to address financial vulnerabilities will contribute to more sustainable medium-term growth but the authorities face the policy challenge of ensuring that associated deleveraging does not derail growth in the short term.

38. Most other economies in the region are expected to experience stable GDP growth in the outlook period. Private consumption will remain the key driver of growth, supported by healthy job creation, low interest rates and modest inflationary pressures. In addition, consumer spending in Myanmar, the Republic of Korea, and Thailand will be further boosted by an increase in minimum wages in 2018. Growth in many countries, including Indonesia, the Philippines and Thailand, will also be supported by large infrastructure projects, which will help to alleviate structural bottlenecks and boost productivity growth in the medium term.

39. Downside risks have increased. A more restrictive global trade environment would have a significantly adverse effect on East Asia, given the region's high degree of trade openness and extensive global production networks. Geopolitical tensions in the Korean Peninsula could affect investor sentiment and regional financial markets and high corporate debt will continue to weigh on investment prospects in several countries.

40. The macroeconomic outlook in South Asia remains favourable, with robust domestic demand, strong infrastructure investment and moderately accommodative monetary policies. GDP growth is expected to strengthen to 6.6 per cent in 2018 and 6.8 per cent in 2019, following an expansion of 6 per cent in 2017. It is anticipated that regional inflation will remain stable and low. The positive outlook will provide an enabling environment for most countries in the region to make further progress in addressing their vast economic, social and environmental development challenges. Deeper reforms, such as the strengthening of fiscal accounts and tackling the region's large infrastructure gaps, are also needed to boost productivity gains and unleash the region's growth potential. Downside risks include setbacks on the reform agenda, heightened regional geopolitical tensions or a sharp rise in oil prices.

41. Growth in India, underpinned by robust private consumption, a slightly more supportive fiscal stance and benefits from past reforms, is gaining momentum. GDP growth is expected to climb to 7.5 and 7.6 per cent in the fiscal years 2017–2018 and 2018–2019, respectively. Although capital spending has shown signs of revival, a more widespread and sustained recovery in private investment remains a crucial challenge. In the Islamic Republic of Iran, the economic situation is expected to become more challenging in the near term, owing to the reimposition of trade, investment and financial sanctions by the United States. In addition, structural weaknesses in the economy stemming from long periods of under-investment will continue to constrain economic activity in the medium term. Among the smaller economies in the region, Pakistan is experiencing accelerating growth owing to vigorous investment and the gradual recovery of exports. The Bangladesh economy, benefiting from robust fixed investment and a broadly accommodative monetary

policy, is set to continue expanding by more than 7 per cent per annum in the near term. The fiscal stance in that country remains prudent, striking a delicate balance between consolidation efforts and advancing large infrastructure projects.

42. The forecast for GDP growth in Western Asia for 2018 has been revised upwards from 2.3 to 3.3 per cent, reflecting a stronger growth projection for Turkey. Economic growth in that country accelerated in the second half of 2017 on the strength of recovering domestic demand and stabilizing balance of payments. Growth in Israel remains robust, with low inflation and growing external demand. The member States of the Cooperation Council for the Arab States of the Gulf, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates, are also expanding at a faster pace. Their non-oil sector has been growing steadily, supported by moderate demand growth in the public sector with the recovery in oil revenues. The monetary stance of the Gulf Cooperation Council countries has been tightened in line with that of the Federal Reserve Bank in the United States. Financing costs remain relatively stable and credit has continued to expand.

43. In Jordan and Lebanon, growth in domestic demand remains weak and inflation moderate. Reform plans linked to support from the international donors are likely to lead to a tightening of the fiscal stance in both countries. Despite ongoing armed conflicts, more signs of economic stabilization have been observed in Iraq and the Syrian Arab Republic. In Iraq, the economy is benefiting from the improved security situation. By contrast, economic recovery in the Syrian Arab Republic is constrained by its fragile balance-of-payments situation and economic sanctions. The crisis in Yemen remains dire, as fighting escalates and food security and the balance-of-payments situation deteriorate.

Africa

44. The forecast for regional growth in Africa has been revised upward since December 2017 to 3.6 per cent in 2018 and 3.9 per cent in 2019. The improvement reflects stronger prospects in some of the larger economies, such as those of Egypt and Nigeria. Nonetheless, per capita income growth, estimated at between 1.1 and 1.3 per cent in the period 2018–2019, remains insufficient to significantly alleviate poverty in the absence of dramatic declines in income inequality.

45. Although growth in Nigeria remains subdued, a recent improvement reflects terms-of-trade gains, recovering oil production, the greater availability of foreign exchange and more solid growth in the non-oil sector. That has driven a revision of the forecast for West Africa upward. North Africa is benefiting from lower inflation in countries such as Egypt and Libya. Ongoing political instability and security issues, however, continue to hold back the Libyan economy. Growth prospects for 2018 have improved in East Africa, as continued recovery from drought and new manufacturing infrastructure spur growth in Ethiopia. In Central Africa, fiscal consolidation and lower oil production are projected to constrain growth in 2018. The outlook for Southern Africa remains challenging, although growth in South Africa is expected to accelerate modestly in 2018 owing to stronger household consumption and improving investor confidence.

46. Average inflation in Africa remains on a downward trend, reflecting more stable exchange rates and lower food price inflation. That will allow monetary authorities, in particular in East and Southern Africa, to support economic activity through interest rate cuts. Among the fuel exporters, however, monetary policy is likely to remain tight.

47. Fiscal deficits should narrow slightly in aggregate, driven by spending cuts and concerns over rising levels of public debt. African sovereign debt is attracting record demand as Governments tap international markets and take advantage of relatively

low interest rates and strong demand from investors before policy tightening by the Federal Reserve Back in the United States drives up the cost of borrowing.

Latin America and the Caribbean

48. Against a backdrop of robust global growth and higher commodity prices, the recovery in Latin America and the Caribbean is expected to gain momentum in the period 2018–2019. Following growth of 1 per cent in 2017, it is projected that growth in the region will expand by 2.1 per cent in 2018 and 2.5 per cent in 2019 on the back of a broad-based upturn in economic activity. Except for the Bolivarian Republic of Venezuela, which has entered its fifth year of recession, all countries are expected to record positive growth, driven by strengthening private sector demand, especially in the commodity-exporting countries of South America. Private consumption and investment will be underpinned by modest inflation, low interest rates and, in some cases, improved confidence. Although the easing cycle in countries such as Brazil, Colombia and Peru is expected to come to an end, monetary policy will generally remain accommodative. Moreover, labour markets have shown signs of improvement. In many countries, the unemployment rate has edged lower over the past year, with employment in the manufacturing sector starting to recover. Higher commodity prices and the moderate recovery in growth have helped to ease fiscal pressure, in particular among the region's metals and agricultural exporters. That said, primary balances in many cases remain below debt-stabilizing levels, suggesting a need for further fiscal consolidation.

49. Although recovery is projected, the rate of expansion in Latin America and the Caribbean during the forecast period is expected to remain well below the average of 3.2 per cent recorded between 1991 and 2012. The low levels of investment and weak productivity seen in recent years have raised concerns about a possible decline in growth, which could hinder progress towards achievement of the Sustainable Development Goals. Moreover, forecast risks remain tilted to the downside. An escalation of global trade tensions would have an adverse effect on the commodity exporters of South America and on Central American and Caribbean countries with close ties to the United States. In addition, prolonged uncertainty arising from the renegotiation of the North American Free Trade Agreement could weaken the economic outlook in Mexico.

III. Key policy challenges

Unilateral trade measures and the multilateral trading system

50. Tensions over trade between the world's largest economies have increased significantly, which could have major negative fallout for global trade. In 2017, the Government of the United States initiated a sweeping review of existing trade deals. Following a series of investigations, including with regard to national security[4] and the acts, policies and practices of the Government of China relating to technology transfer, intellectual property and innovation,[5] the United States has proposed a series of measures aimed at protecting domestic industries on security grounds or from perceived imbalances in market access. In the first quarter of 2018, the United States imposed new tariffs on a range of products, including steel and aluminium (for security reasons) and washing machines and solar panel cells (as safeguard measures). The United States also announced plans to impose a 25 per cent tariff on imports of

[4] United States, Department of Commerce, *The Effect of Imports of Steel on the National Security* (Washington, D.C., 2018).

[5] United States, *Federal Register*, vol. 82, No. 163, pp. 40213–40215 (Washington, D.C., Office of the Federal Register, 2017).

more than 1,000 products from China, worth approximately $50 billion. In response, major trading partners, including Canada, China, the European Union and the Republic of Korea, began to draw up plans for retaliatory measures. At the same time, all parties are seeking to resolve the disputes at WTO. Although the situation remains in flux, it constitutes a clear move away from unambiguous support for the multilateral trading system.

51. World Trade Organization agreements include provisions allowing differential treatment for developing and developed economies in trade agreements in order to support the development dimension of the trading system. They also include provisions for countries to charge additional import duties to compensate for damage caused by "unfair" trading practices, a clause used to justify some of the recently proposed measures. Nonetheless, a fundamental principle of WTO is to encourage trade by lowering trade barriers between countries.

52. The use of tariffs and trade barriers is often seen as a way to protect domestic industries and employment against external competition. Frequently, however, such moves can prove to be self-defeating. Assessing the macroeconomic impact of a single tariff requires an understanding not only of the direct impact on the targeted sector but also of the indirect impact elsewhere in the economy. A tariff on steel imports may preserve or create jobs in the steelmaking industry by rendering domestic firms better able to compete with lower-cost producers abroad. That depends on the ability of domestic suppliers to expand production. The tariff also has an indirect impact on downstream steel-consuming industries and consumers more broadly. For the steel-consuming industries, the tariff raises production costs and may squeeze the profits of firms, potentially leading to job losses or lower wages in those industries. In addition, higher steel prices feed in to the broader economy through higher consumer prices, thereby dampening overall household demand.

53. The net impact of any tariff on the broader economy will depend on the relative magnitudes of the direct and indirect channels described above and on spillover and reactions in the rest of the world. The introduction of a tariff in a large country would be expected to put downward pressure on international prices of the targeted product. For example, a tariff on steel in the United States may reduce demand for imported steel and further aggravate the glut of steel supplies in global markets. Trade restrictive measures can also disrupt the intricate global and regional production networks that have evolved under existing policy, with a potentially significant impact on many smaller developing countries integrated into those supply chains. In addition, tariffs may provoke retaliatory measures by other countries, which may constrain exports and increase uncertainty and have an adverse impact on business confidence and investment. In some cases, however, trade diversion may benefit countries exempt from the new barriers. For example, a tariff on soybean exports from the United States to China could increase Chinese demand for soybeans from other countries, such as Brazil.

54. A further intensification of trade barriers and retaliatory measures would mark a step back from efforts to revitalize the Global Partnership for Sustainable Development through progress towards building a universal, rules-based, open, non-discriminatory and equitable multilateral trading system and undermine some of the basic objectives of WTO.

A. Inequality and inclusive growth

55. The continued improvement in global macroeconomic conditions offers an opportunity to raise living standards on a broad scale, especially in developing regions. Stronger economic growth, however, is not sufficient to ensure that those

gains are widely shared. The reduction of the inequality within and among countries (Goal 10 of the Sustainable Development Goals) is a key to inclusive growth and shared prosperity. Many of the Goals and related targets on poverty, health and education are linked to overcoming inequality.

56. The relationship between income inequality and growth at the country level is complex; country-specific factors such as the size of the economy, the degree of development and the institutional and political environment play a major role. In some theoretical literature of the twentieth century, inequality was viewed as an incentive to increase efforts at work and in education or as a factor encouraging higher rates of domestic savings. Empirical evidence now increasingly suggests that high inequality hinders economic growth.[6] High income inequality is often associated with social tensions and political instability, which in turn can hamper growth-supporting investment. Inequality can also hinder the accumulation of human capital and social mobility, dampening short-term and medium-term economic prospects. Such inequality is also often linked to the exertion of disproportionate political influence by certain interest groups, resulting in market concentration and a lack of competition, which in turn hamper productivity growth.

57. The significant rise in income inequality in most developed and developing countries throughout the 1980s and 1990s is well documented. In many cases, inequality, as measured by Gini coefficients or the income shares of the top 10 per cent of earners, reached levels unprecedented since the Second World War. The increase in overall inequality can be attributed to the declining labour share of income and rising wage inequality. Numerous factors contributed to those trends. Chief among them were: privatization, liberalization and deregulation; skill-biased technological change; less progressive tax systems; the weakening of labour market institutions; and a decline in public capital. Widening income inequality, although not universal, prevailed across all major regions during that period.

58. The picture has become more mixed since the early 2000s. Inequality continued to rise in most developed economies, in particular European countries affected by the global financial crisis, where unemployment rose sharply and severe austerity measures were imposed. In most developing countries, in particular in Latin America and parts of Africa, inequality remains extraordinarily high, holding back productivity and growth. Recent data, however, have shown some modest improvement in inequality trends. In most developing and transition economies for which such data are available, Gini coefficients were lower in the period 2014–2015 than in the years 2005–2008 (see figure VII). At the same time, the income share held by the top 10 per cent of earners declined slightly in most of those economies. In two out of three countries, mean incomes grew faster for the bottom 40 per cent than for the total population from 2008 to 2013.[7] In part, those gains may be temporary cyclical reactions (for example, a temporary decline in the capital income share) to the global financial crisis.[8] In some cases, however, the positive trends reflect more structural, longer-term changes. The region with the most uneven distribution of income, Latin America and the Caribbean, has made significant progress in reducing inequality in the past 15 to 20 years. Four factors have contributed to the observed reduction in Gini coefficients throughout the region: a relative rise in the labour income of poor workers, partly as a result of higher minimum wages; an increase in the average level of education of adults; increased government transfers to households in the form of

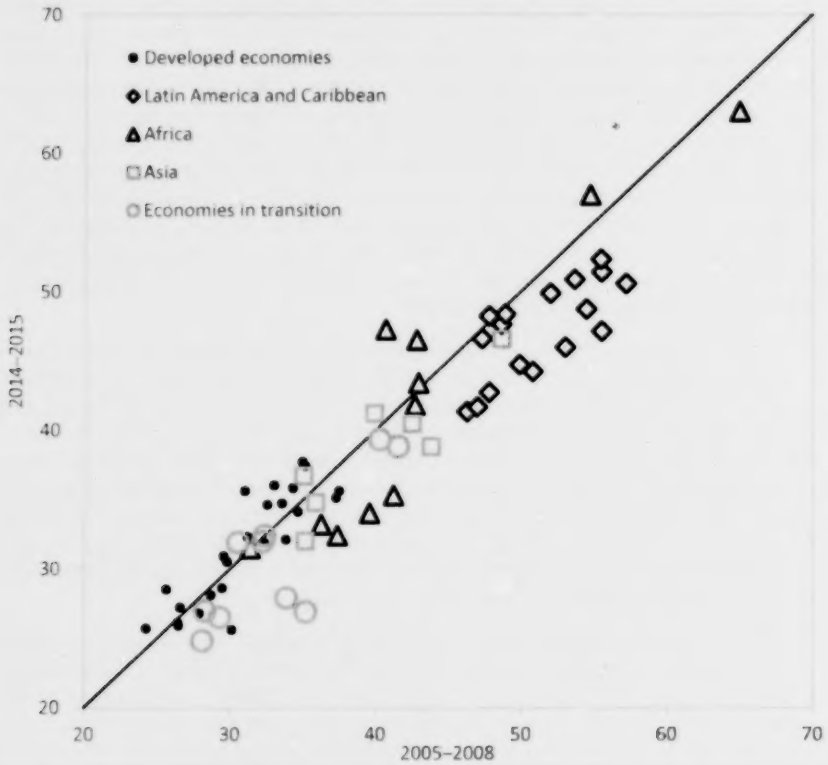
[6] Jonathan D. Ostry, Andrew Berg and Charalambos G. Tsangarides, "Redistribution, inequality and growth", Staff Discussion Note (Washington, D.C., International Monetary Fund, 2014).

[7] World Bank, *Poverty and Shared Prosperity: Taking on Inequality*, (Washington, D.C., 2016).

[8] International Monetary Fund, *World Economic Outlook, April 2017: Gaining Momentum?* (Washington, D.C., 2017).

targeted social programmes; and a demographic dividend, with an increase in the share of working-age people.[9]

Figure VII
Gini index, 2005–2008 and 2014–2015



Sources: World Bank and CEIC data.
Note: Figure includes a subset of countries in each region for which data are available. A higher value of the Gini coefficient indicates a higher level of inequality.

59. In East Asia, greater policy effort in the past decade has been geared towards addressing income inequality. Measures have included the implementation of major infrastructure plans, which have generated jobs for low-skilled and migrant workers; the review of minimum wage policies; the introduction of cash handouts for the poor; and the strengthening of pension systems. In the former centrally planned economies of Central and Eastern Europe and CIS, inequality also declined in the aftermath of the global financial crisis, after having increased sharply during the economic transition of the 1990s and early 2000s.

60. Levels of inequality remain high in many developing countries but recent positive experiences illustrate the role institutions and policies play in promoting a more equitable distribution of the gains from growth. The current benign global economic environment presents an opportunity to accelerate progress in that direction.

[9] Suzanne Duryea and others, *Social Pulse in Latin America and the Caribbean 2016: Realities and Perspectives* (Washington, D.C., Inter-American Development Bank, 2016).

B. Economic growth and the environment

61. The recent spurt in economic growth has come at a cost to the environment. Contrary to what is required, global energy-related carbon dioxide (CO_2) emissions increased by 1.4 per cent in 2017, according to the International Energy Agency, owing to the acceleration of global economic growth, the relatively low cost of fossil fuels and a slackening in energy efficiency efforts. The Agency has warned that, at the present rate, efforts to combat climate change are insufficient to meet the objectives of the Paris Agreement.

62. According to the National Aeronautics and Space Administration, 2017 was the second hottest year on record; the hottest was 2016.[10] Global temperatures have followed a rapid warming trend for the past 40 years. The average surface temperature of the planet has risen about 1°C in the past century. That rise is attributed largely to the accumulation of CO_2 and other human-made greenhouse gas emissions in the atmosphere. The Intergovernmental Panel on Climate Change calculates that by 2100 global temperatures will have risen by between 4°C and 6.1°C relative to pre-industrial levels if no meaningful action is taken to mitigate the growth of greenhouse gas emissions.[11] It is the stated goal of the Paris Agreement to limit that increase in global average temperature to well below 2°C.

63. Evidence indicates that in countries with relatively high temperatures, including most low-income countries, growth of GDP per capita slows as temperatures increase.[12] Potential channels of transmission include shifting rainfall patterns that may lead to changes in where arable farmland is located;[13] rising sea levels, which threaten small island developing States in particular, but also some of the world's most valuable infrastructure and sizable populations; and increased frequency and intensity of extreme weather events. The ensuing damage will have an impact on agricultural production, labour productivity in sectors that are vulnerable to weather conditions, capital accumulation and human health, spurring large-scale episodes of migration. Natural disasters are already responsible for the highest number of new internally displaced persons each year: in 2016, the number of newly displaced persons because of disasters was 3.5 times higher than those owing to conflict and violence.[14]

64. While recent evidence points to progress in decoupling increases in emissions from GDP growth in some developed economies,[15] it is still manifestly insufficient. The rate of global energy efficiency gains has been slowing since 2015, reaching 1.7 per cent in 2017, which is half the rate required to remain on track with the Paris Agreement.[16] Low fossil-fuel prices and changes in energy policies lie behind the slowdown. Reform of fossil fuel subsidies and taxation could contribute to accelerating the rate of energy efficiency gains and may be more easily implemented while fossil fuel prices are low.

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[10] National Aeronautics and Space Administration, "Long-term warming trend continued in 2017: NASA, NOAA", 18 January 2018.

[11] Intergovernmental Panel on Climate Change, *Climate Change 2013: The Physical Science Basis* (New York: Cambridge University Press, 2013), p. 1,101.

[12] International Monetary Fund, *World Economic Outlook* (2017).

[13] Intergovernmental Panel on Climate Change, *Climate Change 2014: Synthesis Report* (Geneva, 2014), p. 16.

[14] International Displacement Monitoring Centre, *Global Report on Internal Displacement* (Geneva, 2017).

[15] Gail Cohen and others, "The long-run decoupling of emissions and output: evidence from the largest emitters", Working Paper No. 18/56 (Washington, D.C., International Monetary Fund, 2018).

[16] International Energy Agency, *Global Energy and CO_2 Status Report 2017* (Paris, 2018).

65. The development and deployment of renewable energy technologies such as wind, solar, electric vehicles and battery storage also remains crucially important. Renewables accounted for 61 per cent of all newly installed net power capacity in 2017; solar energy alone accounted for 38 per cent. That was made possible in part by falling costs for solar electricity and wind power, allowing some projects to become economically viable. Nevertheless, the pace of energy transition must accelerate further still.

66. Thanks to intensified plans to deploy renewables and electric vehicles, the International Energy Agency forecasts emissions growth of just 0.4 per cent per year between 2016 and 2040 (compared to an average annual growth of 2.2 per cent between 2000 and 2016). The current share of renewables in global power generation is thought to have prevented the emission of 1.8Gt of CO_2, or 5.5 per cent of total carbon emissions in 2017. That progress falls short of the need for emissions levels to peak as soon as possible and fall rapidly thereafter.

67. Renewable energy accounts for only 19 per cent of global power capacity and 12.1 per cent of global power generation (17 per cent including large hydroelectric projects), even with the recent high share of newly installed capacity. If the pace of power transition were to continue at that rate, by conservative estimates it would take at least 55 years before renewables accounted for half of total power capacity. Achieving the target set in the Paris Agreement therefore poses an immense challenge.

68. Developing countries continue to invest more in renewables than developed economies, with notable investment surges in countries such as Egypt, Mexico and the United Arab Emirates. Since 2004, China has displaced Europe as the dominant source of investment in renewables, in particular in 2017. Accounting for 45 per cent of global new investment in renewable energy, China is the world's largest investor.

69. Near-term challenges facing renewable energy include higher borrowing costs, waning policy support and the issue of integrating renewable energy generation capacity into the electricity grid. The costs of generating solar and wind power are falling, but securing finance may become more difficult and expensive in the near term as world interest rates rise and the withdrawal of government-backed price support affects the attractiveness of projects.

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High-level political forum on sustainable development, convened under the auspices of the Economic and Social Council

Economic and environmental questions: sustainable development

Progress towards the Sustainable Development Goals

Report of the Secretary-General

Summary

Pursuant to General Assembly resolution 70/1, the Secretary-General, in cooperation with the United Nations system, has the honour to submit the report on progress towards the Sustainable Development Goals. The report provides a global overview of the current situation of the Goals, on the basis of the latest available data for indicators in the global indicator framework.[a]

[a] The report was submitted on 10 May 2018 because of new data updates from a few international organizations.

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Introduction

1. The present report by the Secretary-General, in cooperation with the United Nations system, presents an overview of progress towards the Sustainable Development Goals, to inform the high-level political forum, as mandated by the General Assembly in resolution 70/1 (para. 83). It is based on a selection of indicators for which data are available, from the global indicator framework developed by the Inter-Agency and Expert Group on Sustainable Development Goal Indicators and adopted by the General Assembly in July 2017 (resolution 71/313). Some targets are not reflected at this stage, owing to a lack of data, or because they are measured by indicators that are still undergoing methodological development.

2. For most indicators presented, values represent global, regional and subregional aggregates. They are calculated from data from national statistical systems, compiled by international agencies, in accordance with their respective mandates and specialized expertise, often with adjustments to allow for international comparability or supplemented by estimates where data are lacking.[1]

3. The composition of regions and subregions in the present report is based on United Nations geographical regions, with some modifications necessary to create, to the extent possible, groups of countries for which aggregates are meaningful.[2] Although the aggregated figures presented are a convenient way to track progress, the situation of individual countries within a given region may vary significantly from regional averages. A supplementary document containing the statistical annex for the report and a database of available global, regional and country data and metadata for the Sustainable Development Goal indicators will be made available at https://unstats.un.org/sdgs.

4. The availability of high-quality, accessible, open, timely and disaggregated data is vital for evidence-based decision-making and the full implementation of the 2030 Agenda for Sustainable Development (General Assembly resolution 70/1) and the realization of its ambitions of leaving no one behind. To meet these data demands there is an urgent need to strengthen the capacities of national statistical systems. The global statistical community strives to develop methodologies and technologies to innovate and modernize statistical production operations, to explore ways to integrate all data sources and to analyse, visualize and disseminate data in an open, timely and effective way.

Goal 1. End poverty in all its forms everywhere

5. While extreme poverty has been reduced considerably in the past decades, there are pockets of the world where it still stubbornly persists. Detailed analyses reveal that certain groups are much more affected by poverty. Ending poverty requires universal social protection systems aimed at protecting all people throughout their life cycle and targeted measures to reduce vulnerability to disasters and address specific geographical areas within a country.

6. Poverty measured at the international poverty line, currently set at $1.90 at 2011 purchasing power parities, has fallen rapidly in recent decades and in 2013 was a third of the 1990 value. The latest global estimate suggests that 10.9 per cent, or 783 million

[1] Additional information on the Sustainable Development Goal indicators, together with the full list of contributing organizations will be made available at: http://unstats.un.org/sdgs.

[2] Details of the regional groupings used in the present report will be made available at: https://unstats.un.org/sdgs/indicators/regional-groups/.

people, lived below this threshold in 2013. More than half of the world's extreme poor live in sub-Saharan Africa, while about one third live in Southern Asia.

7. The proportion of the world's workers living with their families on less than $1.90 per person per day has declined significantly over the past two decades, falling from 26.9 per cent in 2000 to 9.2 per cent in 2017, with reductions seen in all regions of the world. Nevertheless, it continues to affect young workers disproportionately, with the global youth working poverty rate consistently over 6 percentage points higher than the adult rate.

8. Despite significant progress in extending social protection in many parts of the world, the human right to social security is not yet a reality for a majority of the world's population. According to 2016 estimates, only 45 per cent of the world's population was effectively covered by at least one social protection cash benefit, which means that 4 billion people are left unprotected. On the positive side, 68 per cent of people above retirement age received a pension.

9. However, data also show a global deficit of social protection for other groups: only 22 per cent of the unemployed receive unemployment cash benefits, 28 per cent of persons with severe disabilities receive disability cash benefits, 35 per cent of children worldwide enjoy effective access to social protection and 41 per cent of women giving birth receive maternity cash benefits.

10. Disasters have often hindered economic and social development and aggravated the depth and breadth of poverty. Despite efforts in improving measures for disaster risk reduction, in 2017, economic losses attributed to disasters were estimated at over $300 billion, among the highest losses in recent years, owing to three major hurricanes affecting the United States of America and the Caribbean.

11. According to data from 2011 to 2016 from 151 countries, only 30 per cent spend from 15 per cent to 20 per cent of total government expenditure on education, as recommended in the Education 2030 Framework for Action.

Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture

12. After a prolonged decline, world hunger appears to be on the rise again. Conflict, drought and disasters linked to climate change are among the key factors causing the reversal in the long-term progress in fighting global hunger, making the prospect of ending hunger and malnutrition by 2030 more difficult.

13. It is estimated that the undernourishment rate increased to 11 per cent in 2016 from 10.6 per cent in 2015. This represents an increase, to 815 million, of undernourished people worldwide in 2016, up from 777 million in 2015.

14. According to the Food Insecurity Experience Scale of the Food and Agriculture Organization of the United Nations, which directly measures the difficulties faced by people in accessing food, in 2016, 689 million people in the world (9.3 per cent of the world population) reported experiencing severe food insecurity.

15. Malnutrition manifests itself in various forms and has serious long-term consequences for the world's children. While declining in almost every region, stunting (being too short for one's age) globally affected 22 per cent of children under 5 years of age — 151 million children in 2017. Three quarters of these children lived in Southern Asia and sub-Saharan Africa. In 2017, 51 million children under 5 years of age suffered from wasting — low weight for one's height — and 38 million were affected by obesity.

16. Conserving the genetic diversity of plants and animals provides the basis for adapting livestock populations to future changes in environmental conditions or in the demand for products and services. At the end of 2017, global holdings of seed and other plant genetic materials conserved in 90 countries and 16 regional and international centres totalled 4.89 million samples, representing a 1 per cent increase over the previous year.

17. Investments in agriculture are crucial to help improve the sector's productivity. However, government expenditure in the agricultural sector, measured by government expenditure in agriculture divided by the sector's share of gross domestic product (GDP), fell from 0.38 in 2001 to 0.23 in 2016 worldwide.

18. Aid to agriculture in developing countries has fallen, from nearly 20 per cent of all donors' sector-allocable aid in the mid-1980s to only 6 per cent, or $12.5 billion, in 2016.

19. Progress has been made in reducing subsidies that distort the world agricultural markets. Agricultural export subsidies more than halved in 5 years, from $491 million in 2010 to less than $200 million in 2015.

20. Volatility in food prices can have a negative impact on food security. In 2016, 26 countries experienced high or moderately high levels of general food prices, while in 21 countries, prices for one or more cereal products (maize, wheat, rice, sorghum/millet) were at high or moderately high levels. Sub-Saharan Africa had the largest number of countries, with high levels of both food prices and cereal prices. Declines in domestic output, currency depreciation and insecurity accounted for such high price levels.

Goal 3. Ensure healthy lives and promote well-being for all at all ages

21. As much progress has been made in the health domain throughout the world, many more people currently have healthy lives than they did in previous decades. Nevertheless, far too many people die prematurely and preventable diseases still take many people's lives. Correcting this requires concerted efforts, focusing on the demographics and regions that have been left behind.

Reproductive, maternal, newborn and child health

22. In 2015, an estimated 303,000 women throughout the world died as a result of complications of pregnancy and childbirth, with a global maternal mortality ratio of 216 maternal deaths per 100,000 live births. Almost two thirds of these deaths occurred in sub-Saharan Africa. In the period 2012–2017, almost 80 per cent of live births worldwide took place with the assistance of skilled health personnel, one of the most critical interventions, up from 62 per cent in the 2000–2005 period. The greatest progress was made in Central and Southern Asia, from 40 per cent to 77 per cent. Sub-Saharan Africa had the lowest coverage, at 58 per cent, in the period 2012–2017.

23. Worldwide, child mortality has declined substantially in recent decades. Globally, the under-5 mortality rate dropped to 41 deaths per 1,000 live births in 2016 from 78 in 2000, a 47 per cent decline. The total number of under-5 deaths dropped to 5.6 million in 2016, from 9.9 million in 2000.

24. The neonatal mortality rate (the mortality rate for children under 28 days of age) fell by 39 per cent, from 31 deaths per 1,000 live births in 2000 to 19 in 2016. The number of neonatal deaths declined from 4 million in 2000 to 2.6 million in 2016. In

2016, sub-Saharan Africa and Southern Asia had the highest neonatal mortality rates, at 28 deaths per 1,000 live births.

25. Access to modern contraceptive methods is important for the well-being of women of reproductive age (15–49 years of age). Globally, among women of reproductive age who are married or in a union, the proportion whose demand for family planning is satisfied by using modern contraceptive methods increased from 74.9 per cent in 2000 to 77.4 per cent in 2018. Progress has been more significant in the least developed countries, where this proportion increased from 39.4 per cent in 2000 to 58.5 per cent in 2018.

26. Childbearing in adolescence has declined steadily in almost all regions but remains high in sub-Saharan Africa. In 2018, the adolescent birth rate was 44 births per 1,000 women aged 15–19 years globally, with the highest rate in sub-Saharan Africa, at 101.

Infectious diseases

27. Globally, HIV incidence has declined from 0.40 to 0.26 per 1,000 uninfected people from 2005 to 2016, due in part to increased access to antiretroviral therapy, which sharply reduces onward transmission of HIV. Sub-Saharan Africa remains the region most heavily impacted by HIV, with HIV incidence rates at 1.28 per 1,000 uninfected people. For women of reproductive age in the region, the rate is even higher, at 2.58 per 1,000 uninfected people.

28. The world is not on a trajectory towards ending malaria by 2030 — in fact, the trends are worrisome. In 2016, there were 216 million cases of malaria, compared with 210 million cases in 2013. There were 140 new cases of tuberculosis per 100,000 people in 2016, compared with 173 cases per 100,000 people in 2000. In 2016, 1.5 billion people were reported to require mass or individual treatment and care for neglected tropical diseases, down from 1.6 billion in 2015 and 2 billion in 2010.

29. The widespread use of the hepatitis B vaccine in infants has considerably reduced the incidence of new chronic hepatitis B virus infections — as reflected by the decline in hepatitis B prevalence among children under 5 years of age, from 4.7 per cent in the pre-vaccine era to 1.3 per cent in 2015.

30. Unsafe drinking water, unsafe sanitation and lack of hygiene continue to be major contributors to global mortality and caused around 870,000 deaths in 2016, mainly from diarrhoeal diseases, but also from malnutrition and intestinal nematode infections. Among those, 329,000 deaths occurred in children under 5 years of age. Sub-Saharan Africa and South-Eastern Asia bear the highest disease burden.

Non-communicable diseases and mental health

31. Globally, 32 million people died in 2016 from cardiovascular disease, cancer, diabetes or chronic respiratory disease. The probability of dying from these diseases from 30 to 70 years of age was about 18 per cent in 2016.

32. Nearly 800,000 suicide deaths occurred in 2016, a figure unchanged from the previous year. Male suicide rates are 75 per cent higher than female suicide rates, with the highest rates in Europe, where male suicide rates are at 27.6 per 100,000 population, compared with 7.3 for women.

33. Consumption of alcohol and tobacco has many detrimental effects on health, exacerbating the effects of non-communicable diseases. In the period 2015–2016, only 14 countries of the 181 that ratified the World Health Organization (WHO) Framework Convention on Tobacco Control improved their national monitoring of tobacco use, in accordance with article 20 of the Convention. In 2015, 34 per cent of

men and 6 per cent of women aged 15 and older used smoking forms of tobacco. In 2016, the average annual consumption of pure alcohol was approximately 6.4 litres per person among individuals 15 years or older. Europe and Northern America, together with Australia and New Zealand had the highest consumption, at approximately 10.6 litres per person in 2016.

34. Air pollution, whether indoor (household) or outdoor (ambient) increases the risk of cardiovascular disease, stroke, chronic obstructive pulmonary disease, lung cancer and acute lower respiratory infections. In 2016, air pollution from household and outdoor air pollution led to some 7 million deaths worldwide. Sub-Saharan Africa, most of Asia and Oceania (excluding Australia and New Zealand), have the highest mortality rate from air pollution.

Other health risks

35. Road traffic accidents killed 1.25 million people worldwide in 2013 and injured up to 50 million more.

36. Unintentional poisonings were responsible for over 100,000 deaths in 2016, with a steady decline over the past two decades and rates still relatively high in low-income countries.

Health systems and funding

37. Globally, almost 12 per cent of the world's population spent at least 10 per cent of their household budgets to pay for health services in 2010, up from 9.7 per cent in 2000.

38. Immunization is one of the world's most successful and cost-effective health interventions. Despite the increase in coverage with the required three doses of combined diphtheria-pertussis-tetanus vaccine from 72 per cent in 2000 to 86 per cent in 2016, an estimated 19.5 million children did not receive the vaccines during the first year of life, putting them at serious risk of these potentially fatal diseases. The global coverage of pneumococcal conjugate vaccine is yet to reach 50 per cent. Coverage with the second dose of measles-containing vaccine increased from 10 per cent in 2000 to 64 per cent in 2016.

39. Official development assistance (ODA) for basic health from all donors has increased by 41 per cent in real terms since 2010 and reached $9.4 billion in 2016. In 2016, about $1.9 billion was spent on malaria control, $871 million on tuberculosis control and $2 billion on other infectious diseases, excluding HIV/AIDS.

40. Available data from 2005 to 2016 indicate that close to 45 per cent of all countries and 90 per cent of the least developed countries have less than one physician per 1,000 people, and over 60 per cent have fewer than three nurses or midwives per 1,000 people.

41. Under the International Health Regulations, all States Parties are required to have or to develop minimum public health capacities to implement the Regulations effectively. According to the 167 responses from the 196 States parties, countries achieved an average rating of 71 per cent for all capacities associated with implementation of the Regulations in 2017.

Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

42. Critical efforts are needed to improve the quality of education. Disparities in education along the lines of gender, urban/rural location and other dimensions still

run deep, and more investments in education infrastructure are required, particularly in the least developed countries.

43. In 66 countries with comparable data for the period 2009–2017, around two in three children aged 3 and 4 were developmentally on track in at least three of the following domains: literacy-numeracy, physical development, social-emotional development and learning.

44. At the global level, the participation rate in early childhood and primary education was 70 per cent in 2016, up from 63 per cent in 2010, with considerable variation across countries and regions: the lowest rates were in sub-Saharan Africa (41 per cent) and Northern Africa and Western Asia (52 per cent).

45. It is estimated that 617 million, or 58 per cent, of children and adolescents of primary and lower secondary school age worldwide are not achieving minimum proficiency levels in reading and mathematics. About two thirds of them attend school but are not learning, either because they drop out or because they do not learn the "basics".

46. Disparities based on location and wealth generally favour the urban and the rich. For example, according to data from 62 countries for 2001–2015, only 12 countries show parity between urban and rural children in achieving minimum proficiency levels in reading or mathematics at the end of primary education.

47. The least developed countries face the biggest challenges in providing schools with basic infrastructure. In 2016, only 34 per cent of primary schools in the least developed countries had electricity and less than 40 per cent were equipped with basic handwashing facilities. In sub-Saharan Africa, only 37 per cent of primary schools, 52 per cent of lower secondary schools and 55 per cent of upper secondary schools have access to electricity.

48. Qualified teachers are key for progress in education quality and learning. In 2016, according to estimates for primary education, 85 per cent of teachers worldwide were trained — only 71 per cent in Southern Asia and 61 per cent in sub-Saharan Africa.

49. ODA for scholarships amounted to $1.2 billion in 2016. Institutions in Australia, France, the United Kingdom of Great Britain and Northern Ireland and European Union accounted for two thirds of this total.

Goal 5. Achieve gender equality and empower all women and girls

50. While some forms of discrimination against women and girls are declining, gender inequality continues to hold women back and deprives them of basic rights and opportunities. Empowering women requires addressing structural issues such as unfair social norms and attitudes, and progressive legal frameworks that put men and women at the same level.

51. According to data from 2005 to 2016 in 56 countries, one in five ever-partnered adolescent girls aged 15–19 years have experienced physical and/or sexual violence by an intimate partner in the 12 months prior to the survey.

52. New data confirm that the practice of child marriage has continued to decline around the world, largely accounted for by the progress in Southern Asia; in that region, a girl's risk of marrying in childhood has declined by over 40 per cent since around 2000. Globally, around 2017, about 21 per cent of women from 20 to 24 years were married or in a union before the age of 18.

53. Female genital mutilation is a human rights violation affecting girls and women worldwide, but in particular in communities in which it persists as a social norm. On average, approximately one in three girls aged 15 to 19 has been subjected to female genital mutilation in the 30 countries where the practice is concentrated around 2017, compared with nearly one in two around 2000.

54. According to data from about 90 countries, from 2000 to 2016, on an average day, women spent about three times as many hours in unpaid domestic and care work as men, and significantly more if they had children.

55. Globally, the percentage of women in single or lower houses of national parliament has increased from 19 per cent in 2010 to around 23 per cent in 2018, with the lowest rate in Oceania (excluding Australia and New Zealand), at 5.6 per cent, and the highest in Latin America and the Caribbean, at around 30 per cent.

56. In three quarters of the 79 countries with data available around 2016, less than 38 per cent of senior and middle management positions are occupied by women, with the lowest rates in Northern Africa and Western Asia and in Central and Southern Asia.

57. The right of women and girls to make key decisions regarding sexual relations, contraceptive use and access to sexual and reproductive health services is key to their well-being. According to the latest available data for 47 countries from 2007 to 2016, just over half (53 per cent) of women aged 15 to 49 years who are married or in a union make their own informed decisions about these issues.

Goal 6. Ensure availability and sustainable management of water and sanitation for all

58. Too many people still lack access to safely managed water and sanitation facilities. Water scarcity, flooding and lack of proper management of wastewater hinder social and economic development. Increasing water efficiency and improving water management are critical to balancing the competing and growing water demands from various sectors and users.

59. In 2015, 5.2 billion people used safely managed drinking water services — an improved water source located on the premises, available when needed and free from contamination — which represents 71 per cent of the global population. An additional 1.3 billion people (17 per cent of the global population) used a basic drinking water source — an improved water source not more than 30 minutes away. This means that 844 million people around the world still lack even a basic level of service.

60. According to estimates from 84 countries, in 2015, 39 per cent of the global population used safely managed sanitation services — basic facilities that safely dispose of human waste. An additional 29 per cent of the global population used a basic sanitation service — an improved facility that is not shared. In 2015, 2.3 billion people still lacked even a basic level of service and 892 million people continued to practise open defecation, resulting in a decline from 20 per cent in 2000 to 12 per cent in 2015. In 2015, only 27 per cent of the population in the least developed countries had basic handwashing facilities.

61. Untreated wastewater degrades water quality, posing risks to public health, contaminates drinking water sources and limits opportunities for safe and productive reuse of water. Preliminary estimates from household data of 79 mostly high and high middle-income countries (excluding much of Africa and Asia) show that 59 per cent of all wastewater flows are safely treated, 76 per cent of flows are safely treated in

households with a sewer connection and 18 per cent of flows are safely collected and treated for those with on-site facilities only.

62. In 22 countries (mostly in Northern Africa, Western Asia and Central and Southern Asia), water stress — defined as the ratio of fresh water withdrawn to total renewable freshwater resources — is above 70 per cent, which indicates a strong probability of future water scarcity. In 15 of these countries, withdrawals totalled more than 100 per cent of the renewable freshwater resources in the country.

63. In the period 2017–2018, 157 countries reported an average implementation of integrated water resources management of 48 per cent.

64. According to data from 62 out of 153 countries sharing transboundary waters, the average percentage of national transboundary basins covered by an operational arrangement was 59 per cent in the period 2017–2018, and only 17 countries reported that all their transboundary basins were covered by such arrangements.

65. ODA for the water sector was $9 billion in 2016. While disbursements from 2011 to 2016 increased, as commitments fell, disbursements may also decrease in the future. Any reduction in external aid is likely to hamper progress towards Sustainable Development Goal 6, as a 2017 survey found that over 80 per cent of countries reported insufficient finances to attain national WASH targets.

Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all

66. Ensuring access to affordable, reliable and modern energy for all has come one step closer as a result of recent progress in increased access to electricity, in particular in the least developed countries, and improvements in industrial energy efficiency. However, national priorities and policy ambitions to deliver energy for all continue to be needed, to put the world on track to meet the energy targets for 2030.

67. From 2000 to 2016, the proportion of the global population with access to electricity increased from 78 per cent to 87 per cent, with the absolute number of people living without access to electricity dipping to just below 1 billion.

68. Access to clean fuels and technologies for cooking has gradually improved, to reach 59 per cent globally in 2016, up 10 percentage points since 2000. Even with this progress, 3 billion people are still cooking with polluting fuel and stove combinations. Key barriers to increased access include high user costs for many of the cleaner cooking solutions, limited infrastructure, lack of consumer awareness of the benefits of clean cooking and limited financing for producers seeking to enter the clean fuel and stove markets.

69. Renewable energy consumption increased to 17.5 per cent in 2015, up slightly from 17.3 per cent in 2014 as the growth in renewables outpaced the growth in overall energy consumption. Most of the increase came from bioenergy and the continued expansion of wind and solar energy, driven by falling costs and policy support.

70. Reducing energy intensity (the ratio of energy used per unit of GDP) is crucial for offsetting carbon dioxide emissions and making energy more affordable. Global energy intensity decreased by 2.8 per cent in 2015 from 2014, double the rate of improvement seen from 1990 to 2010. To reach the Sustainable Development Goal target, global energy intensity needs to improve at an annual rate of 2.7 per cent over the period 2016–2030, necessitating a significant ramp-up in global policy ambition to keep up the momentum.

Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

71. Although, globally, labour productivity has increased and the unemployment rate has decreased, more progress is needed to increase employment opportunities, in particular for young people, reduce informal employment and labour market inequalities (in particular in terms of the gender pay gap), promote safe and secure working environments and improve access to financial services to ensure sustained and inclusive economic growth.

72. Globally, in 2016 real GDP per capita grew at 1.3 per cent, less than the average of 1.7 per cent growth rate recorded in the period 2010–2016. For the least developed countries, the rate fell sharply, from 5.7 per cent in the period 2005–2009 to 2.3 per cent in the period 2010–2016.

73. Labour productivity at the global level, measured as output produced per employed person in constant 2005 United States dollars, grew by 2.1 per cent in 2017, the fastest growth registered since 2010. This was driven by strong productivity gains in Oceania, Eastern and South-Eastern Asia, but partially offset by modestly negative growth in Africa.

74. Workers in informal employment have higher exposure to pervasive decent work deficits and a higher risk of being in working poverty. Globally, 61 per cent of workers were in informal employment in 2016. Excluding the agricultural sector, 51 per cent of all workers were in informal employment, with a higher prevalence registered among men (53 per cent) than women (46 per cent).

75. A study of data from 45 countries shows that earnings inequalities are still pervasive: in 89 per cent of the countries, men earn on average more than women per hour worked, with a median gender pay gap of 12.5 per cent.

76. The global unemployment rate was 5.6 per cent in 2017, down from 6.4 per cent in 2000, with a slower decline since 2009, when it reached 5.9 per cent. Youth are three times more likely to be unemployed than adults, with the global youth unemployment rate at 13 per cent in 2017.

77. In half of the 74 countries with data available around 2016, over 17 per cent of young persons are not in education, employment or training, with no noticeable reduction in this share since the financial and economic crisis.

78. Recent data from over 70 countries show that the prevalence of occupational accidents is still a cause for concern around the world, with a median of 4 fatal occupational injuries per 100,000 employees and a median of 911 non-fatal occupational injuries per 100,000 employees.

79. From 2010 to 2016, the number of automated teller machines per 100,000 adults increased from 39 to 59 worldwide. Asia reported the highest increase. In contrast, over the same period, the number of commercial bank branches per 100,000 adults worldwide hovered around only 14.5, due in part to the expansion of non-bank financial intermediaries and the growth of digital financial services.

80. Ownership of a financial account — whether through a financial institution such as a bank or a mobile money provider — is a basic measure of access to financial services. In high-income countries, almost every adult has an account, compared with only 35 per cent of adults in low-income countries. Women lag behind men on account ownership across all regions.

81. In 2016, aid for trade commitments decreased to $51 billion from $55.2 billion in 2015, but was still more than double the baseline commitments of 2002–2005. The

decline was highest in the energy sector (falling by $2.4 billion), banking and financial services (falling by $1.3 billion) and the agriculture sector (falling by $1 billion).

Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

82. To achieve inclusive and sustainable industrialization, dynamic and competitive economic forces need to be unleashed to generate employment and income, facilitate international trade and enable the efficient use of resources.

83. The global share of manufacturing value added in GDP increased from 15.2 per cent in 2005 to 16.3 per cent in 2017, driven by the rapid growth of manufacturing in Asia and reflecting the continuing recovery from the recession of recent years. Although the share of manufacturing in GDP in the least developed countries continued to grow, reaching 12.3 per cent of GDP in 2017, the manufacturing value added per capita in the least developed countries was only $109, about one fortieth of the amount registered in Europe and Northern America. The share of manufacturing in total employment has declined from 17.6 per cent in 1991 to 13.2 per cent in 2016.

84. Globally, carbon dioxide emissions intensity decreased by 19 per cent in 2015 to 0.31 kg carbon dioxide per dollar from 0.38 kg carbon dioxide per dollar in 2000. This trend was evident in manufacturing industries as well, with global manufacturing intensity declining at an average annual rate of over 2 per cent from 2010 to 2015.

85. Global investment in research and development grew at an annual average growth rate of 4.5 per cent from 2000 to 2015, reaching $1.9 trillion (purchasing power parity), or 1.7 per cent of global GDP, in 2015.

86. The number of researchers worldwide has been growing at an average annual rate of 3.7 per cent from 2000 to 2015, meaning that there are 1,151 researchers per 1 million inhabitants. This value varies widely between regions, from 96 per 1 million inhabitants in sub-Saharan Africa to 3,639 in Europe and Northern America.

87. Total official flows for economic infrastructure in developing countries reached $56 billion in 2016, a slight decrease since 2015 but an increase of 27 per cent in real terms since 2010. The main recipient sectors continue to be transport and energy.

88. An increase in the share of medium-high and high-tech industries in total manufacturing value added can indicate a country's capacity to introduce new technologies in other sectors as well. In 2015, medium-high and high-tech sectors accounted for 44.7 per cent of manufacturing value added globally and reached 34.6 per cent in developing economies, up from 21.5 per cent in 2005.

89. Most mobile subscribers worldwide now have access to higher-quality networks. By 2016, the proportion of population covered by a 3G mobile broadband network stood at 61 per cent in the least developed countries and 84 per cent globally. If this trend continues, the least developed countries are on track to reach over 90 per cent mobile broadband coverage by 2020.

Goal 10. Reduce inequality within and among countries

90. Efforts have been made in reducing income inequality for some countries, increasing zero-tariff access for exports from the least developed countries and developing countries and providing additional assistance to the least developed countries and small island developing States. However, these improvements will need to accelerate in order to reduce growing disparities within and among countries.

91. For the income gap within countries to decrease, the incomes of those at the bottom of the income distribution must grow more rapidly than those at the top. From 2010 to 2016, in 60 out of 94 countries with data, the incomes of the bottom 40 per cent of the population grew faster than those of the entire population.

92. The voting share of developing countries in many international organizations remained largely unchanged in 2017, as negotiations on governance reform are still ongoing. Some minor increases in the voting share of developing countries were observed at the International Monetary Fund (from 37.2 per cent in 2016 to 37.7 per cent in 2017) and the International Bank for Reconstruction and Development, part of the World Bank Group, (from 37.9 per cent in 2016 to 38.8 per cent in 2017) as a part of previously agreed reforms.

93. In 2016, over 64.4 per cent of products exported by the least developed countries to the world and 64.1 per cent of those from small island developing States faced zero tariffs, an increase of 20 per cent since 2010. For developing countries, duty-free market access existed for about 50 per cent of all products exported in 2016.

94. In 2016, total receipts by developing countries from donor countries of the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD), multilateral agencies and other key providers were $315 billion, of which $158 billion were ODA. In 2016, total ODA to the least developed countries and small island developing States from all donors equalled $43.1 billion and $6.2 billion, respectively. While ODA to small island developing States in 2016 showed an increase of 41 per cent in real terms from 2015, this was largely attributable to debt relief for Cuba, which was the largest recipient ($2.7 billion).

95. Remittances represent an important source of income for many families in developing countries. Of the $538 billion in total remittances recorded in 2016, $407 billion went to low- and middle-income countries. While the global average cost of sending money has gradually decreased in recent years, it was estimated to be 7.2 per cent in 2017, more than double the target transaction cost of 3 per cent.

Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable

96. With rapid urbanization, many cities are facing challenges in managing population growth, ensuring that there is adequate housing and resilient infrastructure to support these growing populations and addressing the environmental impacts of expanding cities and vulnerability to disasters.

97. From 1990 to 2014, the proportion of the global urban population living in slums was halved, from 46 per cent to 23 per cent. However, with rapid migration to cities and corresponding increases in the global urban population, the actual number of people living in slums increased from 689 million to 883 million.

98. Globally, as cities are absorbing more inhabitants, they are also becoming less dense. The average rate of physical expansion of cities is about one and a half times that of population growth. The regions that are experiencing the most rapid urban expansion — Eastern and South-Eastern Asia, sub-Saharan Africa and Central and Southern Asia — are also recording the highest ratios. Some of the forces driving this urban expansion include rising per capita incomes, cheaper agricultural lands on the outskirts of cities, more efficient transport and the proliferation of informal settlements.

99. Managing solid waste continues to be a challenge in many regions, with significant and adverse effects from uncollected waste in cities, including direct and indirect effects on the health of residents and the environment. Notwithstanding the quality and efficiency of collection, according to data collected for 214 cities/municipalities, about three quarters of municipal solid waste generated is collected. The collection of solid waste is a particular challenge in cities in sub-Saharan Africa, where less than 50 per cent of all municipal waste is collected.

100. In 2016, 91 per cent of the urban population still breathed air that did not meet the WHO air quality guidelines value for particulate matter (PM 2.5) and more than half was exposed to air pollution levels at least 2.5 times above that safety standard.

101. Unplanned and rapid urbanization and poor land management, together with non-risk informed policies and investments are major underlying risk drivers of disaster mortality. From 1990 to 2013, almost 90 per cent of mortality attributed to internationally reported disasters occurred in low and middle-income countries, many of which have seen rapid urban expansion in recent years.

102. Countries continue to make efforts to adopt and implement national and local disaster risk reduction strategies that are in line with the Sendai Framework for Disaster Risk Reduction 2015–2030. In 2017, of the 87 Member States that responded to the questionnaire, 50 countries reported that they have national disaster risk reduction strategies and 34 reported they have local strategies. Furthermore, in 2015, of 95 countries, 84 reported investing in drainage infrastructure in flood-prone areas. Some 55 to 64 countries had introduced a combination of measures, including urban and land use planning, building codes and other "risk-informed" regulations.

Goal 12. Ensure sustainable consumption and production patterns

103. Decoupling economic growth from resource use has been challenging. Addressing this will require policies creating conducive environments, social and physical infrastructures and markets, as well as a profound transformation of business practices along global value chains.

104. In 2018, 71 countries and the European Union reported on their macro policies, regulatory, voluntary or economic instruments that support the shift towards sustainable consumption and production patterns. Taking other sources of information into consideration, a total of 109 countries have or had national policies and initiatives relating to sustainable consumption and production.

105. Domestic material consumption gives an indication of materials used in production processes within an economy. Domestic material consumption per unit of GDP changed globally from 1.2 to 1.1 kg per dollar of GDP from 2010 to 2015, indicating that fewer materials are required to produce a unit of output. However, domestic material consumption in absolute terms is also growing globally, with consequences in terms of both resource pressures and associated environmental impacts.

106. Parties to the international multilateral environmental agreements are required to transmit information on the implementation of their obligations under the agreements. However, while the Montreal Protocol on Substances that Deplete the Ozone Layer has a 100 per cent compliance rate, followed by the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (71 per cent), compliance rates for the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal and the Stockholm Convention on Persistent Organic Pollutants are at only 57 and 51 per cent, respectively.

Goal 13. Take urgent action to combat climate change and its impacts

107. The year 2017 was one of the three warmest years on record, and the average temperature was 1.1 degrees Celsius above preindustrial levels. Analysis by the World Meteorological Organization shows that the five-year average global temperature for the period 2013–2017 was the highest on record. The world also continues to experience rising sea levels, the most costly North Atlantic hurricane season on record and increasing concentrations of greenhouse gases, necessitating urgent and accelerated action by countries as they implement their commitments for the Paris Agreement under the United Nations Framework Convention on Climate Change.

108. Parties to the Paris Agreement are expected to prepare nationally determined contributions, in which they outline their approaches and actions to lower greenhouse gas emissions, enhance adaptation and build climate resilience. As at 9 April 2018, the Paris Agreement had been ratified by 175 parties, and 168 parties (167 countries and the European Commission) had communicated their first nationally determined contributions to the secretariat of the United Nations Framework Convention on Climate Change.

109. In addition, as at 9 April 2018, 10 developing countries had successfully completed and submitted the first iterations of their national adaptation plans, advancing various activities for formulating and implementing such plans in response to climate change.

110. Developed country parties continue to make progress towards reaching the goal of jointly mobilizing $100 billion annually by 2020, and are encouraged to continue their efforts to channel a substantial share of public climate funds into adaptation activities and to strive to achieve a greater balance between finance for mitigation and for adaptation, thereby recognizing the importance of adaptation finance.

Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development

111. Ocean conservation and the sustainable use of oceans continue to require effective strategies and management to combat the adverse effects of overfished stocks, increasing ocean acidification and coastal eutrophication. In addition, increases in the extent of protected areas for marine biodiversity and intensification of research capacity and ocean science funding remain critically important to the preservation of marine resources.

112. Fishery resources are extremely vulnerable to environmental degradation, climate change and overfishing. The proportion of world marine fish stocks that is within biologically sustainable levels declined from 90 per cent in 1974 to 69 per cent in 2013.

113. Marine protected areas are known mechanisms for ensuring the conservation of the ocean. As at January 2018, 16 per cent (or over 22 million km^2) of marine waters under national jurisdiction (that is, 0 to 200 nautical miles from shore) were covered by protected areas, more than doubling in extent since 2010. Protection of marine key biodiversity areas has also increased, with the mean coverage now 44 per cent compared with 30 per cent in 2000.

114. Scientific knowledge and related research capacity are essential to underpin the sustainable management of the ocean and its resources. In an assessment in the *Global*

Ocean Science Report,[3] the responses from 26 countries from all regions of the world for 2009–2013 were analysed, and it was found that government funding for ocean science only ranges from <0.04 per cent to 4 per cent of national research and development funding.

Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

115. While the protection of areas in forest and terrestrial ecosystems is increasing and forest loss has slowed, other facets of terrestrial conservation continue to need accelerated efforts to protect biodiversity, land productivity and species and genetic resources.

116. In 2015, forests covered about 4 billion hectares or 31 per cent of the world's land area. The bulk of the world's forest is comprised of natural forest (93 per cent), with the remaining 7 per cent planted. Despite a decrease in forest area over recent decades, the rate of forest loss has been cut by 25 per cent since the period 2000–2005. Most of the losses occur in sub-Saharan Africa, South-Eastern Asia and Latin America, and are mainly attributed to the expansion of agricultural activities. Promisingly, the proportion of protected forest area and forests under long-term management plans are increasing.

117. The average proportion of important sites for biodiversity covered by protected areas continues to increase. As at January 2018, the average proportion of each key biodiversity area for freshwater, terrestrial and mountain biodiversity covered by protected areas was 44 per cent, 47 per cent and 48 per cent, respectively.

118. About one fifth of the Earth's land surface covered by vegetation showed persistent and declining trends in productivity from 1998 to 2013. Up to 24 million km^2 of land was affected, including 19 per cent of cropland, 16 per cent of forest land, 19 per cent of grassland and 28 per cent of rangeland. In some cases, advanced stages of land degradation are leading to desertification in dryland areas, particularly in the grasslands and rangelands.

119. Globally, in 2017, 76 per cent of mountain areas were covered by a form of green vegetation, including forests, shrubs, grassland and cropland, which tends to be positively correlated to the health of the mountains and their capacity to fulfil ecosystem roles.

120. Changes in species extinction risk are measured by the Red List Index, incorporating data for more than 20,000 animal and plant species and indicating an increasing risk of extinction for species as the index moves toward zero. Since 1993, the Red List Index has declined from 0.82 to 0.74 globally. The primary drivers of this biodiversity loss are habitat loss from unsustainable agriculture, deforestation, unsustainable harvest and trade and alien invasive species.

121. As part of the commitment by Member States to promote fair and equitable sharing of the benefits arising from the utilization of genetic resources, as at February 2018, 105 countries have ratified the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from Their Utilization to the Convention on Biological Diversity (up from 96 countries in 2017), and 50 countries have shared information on their access and benefit-sharing frameworks. To the International Treaty on Plant Genetic Resources for Food and

[3] United Nations Educational, Scientific and Cultural Organization, *Global Ocean Science Report: The Current Status of Ocean Science around the World* (2017).

Agriculture, there are now 144 contracting parties, and 22 countries have thus far provided information about their access and benefit-sharing measures.

122. Illicit poaching and trafficking of wildlife continues to thwart conservation efforts, with nearly 7,000 species of animals and plants reported in illegal trade involving 120 countries. Strong international and local action has recently been taken to curtail the illegal trade in certain species, in particular ivory from elephants.

123. In response to ongoing biological invasions, national Governments are increasingly committed to preventing introductions of invasive alien species and managing existing invasions. Since 2010, the percentage of countries that have enacted national legislation relevant to the prevention and management of invasive alien species has increased by 19 per cent.

124. In 2016, bilateral ODA in support of biodiversity was $7 billion, a decrease of 21 per cent in real terms since 2015.

Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

125. Many regions of the world suffer critically from armed conflict or other forms of violence that occur within societies and at the domestic level. Advancements in promoting the rule of law and access to justice are uneven. However, progress is being made in regulations to promote public access to information, albeit slowly, and in strengthening institutions upholding human rights at the national level.

126. Despite their detrimental and long-lasting impact, violent forms of discipline against children are widespread. Nearly 8 in 10 children aged 1–14 years were subjected to some form of psychological aggression and/or physical punishment at home on a regular basis in 81 countries (primarily developing countries), with available data from 2005 to 2017.

127. More than 570 different trafficking in persons flows were detected from 2012 to 2014, affecting all regions and many involving moving from lower- to higher-income countries. In 2014, the majority of detected victims of trafficking were women and girls (71 per cent) and about 28 per cent (20 per cent girls and 8 per cent boys) were children. In sub-Saharan Africa, 64 per cent of detected victims were children. Over 90 per cent of victims detected were trafficked for sexual exploitation and forced labour.

128. Globally, the proportion of prisoners held in detention without being sentenced for a crime has remained almost constant in the last decade (32 per cent in 2003–2005 and 31 per cent in 2014–2016). Some progress has been made in parts of Asia and in sub-Saharan Africa.

129. Globally, almost one in five firms are exposed to a bribe request when dealing with regulatory and utility transactions, with a regional variation from fewer than 10 per cent of firms in North America and Latin America and the Caribbean to 28 per cent in Central Asia and Southern Asia and in Eastern Asia and South-Eastern Asia.

130. Birth registration plays a primary role in ensuring individual rights and access to justice and social services. Even if many regions have reached universal or near universal birth registration, globally the average is just 73 per cent. Fewer than half (46 per cent) of all children under five in sub-Saharan Africa have had their births registered.

131. At least 1,019 human rights defenders, journalists and trade unionists have been killed in 61 countries across the world since 2015. This is equivalent to one person killed every day while working to inform the public and build a world free from fear and want. Among these victims were environmental defenders, indigenous peoples, community and labour leaders, minority rights advocates, reporters and bloggers.

132. Freedom-of-information laws and policies have been adopted by 116 countries, with at least 25 countries adopting such laws over the past five years. Expert assessments, however, suggest that implementation remains a challenge. Among the 109 countries with implementation data, only 76 had sufficient provisions for requesting procedures, including those relating to clear and relatively simple procedures; clear and reasonable maximum timelines; and assistance provided by public officials to requesters.

133. More than half of countries (116 out of 197) had a national human rights institution that had been reviewed for compliance with the internationally agreed standards (the Paris Principles) by their peers since 1998. Only 75 out of these 116 countries have fully compliant national human rights institutions.

Goal 17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

134. Goal 17 seeks to strengthen global partnerships to support and achieve the ambitious targets of the 2030 Agenda, bringing together national Governments, the international community, civil society, the private sector and other actors. Despite some advances in certain areas, more needs to be done to accelerate progress. All stakeholders will have to intensify and focus their efforts on the areas where progress has been slow.

Finance

135. Taxation is an important instrument in financing domestic development activities. However, the regions most in need of resources still face challenges in collecting taxes. The rate of taxation (ratio of tax revenue to GDP) in the least developed countries declined from a peak of 11.1 per cent in 2012 to 8.8 per cent in 2016. Countries in sub-Saharan Africa faced a similar trend: a decline from 14.9 per cent in 2006 to 10.7 per cent in 2016.

136. In 2017, net ODA from member countries of the Development Assistance Committee of OECD totalled $146.6 billion, a decrease of 0.6 per cent from the 2016 level in real terms. ODA as a share of donors' gross national income remained low, at 0.31 per cent. Only five Development Assistance Committee countries — Denmark, Luxembourg, Norway, Sweden and the United Kingdom — met or exceeded the United Nations benchmark for ODA contributions of at least 0.7 per cent of gross national income.

137. Remittances sent by international migrants to their home countries in the form of personal transfers and compensation of employees have declined to $538 billion (0.72 per cent of global GDP) in 2016 from $555 billion in 2015. Recent trends of stricter immigration policies in many migrant-destination countries continue to constrain the flow of remittances.

138. Debt service as a proportion of exports of goods and services has been on the rise for five consecutive years in the least developed countries: from a low of 3.5 per cent in 2011 to 8.6 per cent in 2016. The recent upward trend followed a decade-long decline in debt service from its height of 13.4 per cent in 2001. The ability to

sustainably service debts out of export earnings is crucial for countries most in need of resources for development.

Information and communications technology

139. Despite the worldwide increase in fixed broadband subscriptions, access to high-speed connections remains largely unavailable in the developing countries. In 2016, high-speed fixed broadband penetration reached 6 per cent of the population in developing countries, compared with 24 per cent in developed countries. Limitations in the capacity and speed of fixed broadband connections will affect the quality and functionality of this development tool and widen the already existing inequalities.

Capacity-building

140. Total ODA for capacity-building and national planning amounted to $20.4 billion in 2016 and represented 18 per cent of total aid allocable by sector, a proportion that has been stable since 2010. Of the total, Latin America and the Caribbean received $5.1 billion, sub-Saharan Africa received $4.6 billion and Southern Asia received $3.8 billion. The three main sectors assisted were public administration, environment and energy, which received a total of $10.2 billion.

Trade

141. The latest available data show that tariffs applied under preferential trade agreements, which include bilateral and regional free trade agreements, have been declining over time. In 2016, the trade-weighted average preferential tariff rate applied to imports from the least developed countries was 7.9 per cent, a 2 percentage point drop from the 2005 level. For developing regions, the average preferential tariff rate dropped by 1.2 percentage points during the same period.

142. The stagnation in global trade since 2011 has been followed and accompanied by a break in the expansion of the world market shares of developing regions and the least developed countries. The developing regions' share in world merchandise exports declined for two consecutive years: from 45.4 per cent in 2014 to 44.2 per cent in 2016, in sharp contrast to an average annual 1.2 percentage point increase from 2001 to 2012. For the least developed countries, the share of world merchandise exports decreased from 1.1 per cent to 0.9 per cent from 2013 to 2016, compared with the rise from 0.6 per cent to 1.1 per cent from 2000 to 2013.

Systemic issues

143. Development partners should align their support with Governments' national development strategies and results frameworks, in particular in fragile countries in respect of countries' own policy space and path towards sustainable development. In 2016, 82 per cent of new development projects had objectives aligned with national priorities. However, more than half of the projects relied on parallel systems and data to monitor progress and development results, instead of integrating these efforts as part of national statistical and monitoring systems.

144. In 2016, 81 developing countries undertook national exercises to monitor development effectiveness, demonstrating their commitment to strengthening the means for Sustainable Development Goal implementation and the quality of multi-stakeholder partnerships. Half of the countries showing overall progress are fragile States and small island developing States.

Data, monitoring and accountability

145. In 2017, 102 countries or areas were implementing national statistical plans. Sub-Saharan Africa remains at the lead of implementation with 31 countries implementing such plans; however only 3 of them were fully funded.

146. In 2015, developing countries received $541 million in financial support from multilateral and bilateral donors for all areas of statistics. This amount accounts for only 0.3 per cent of total ODA, short of what is needed to ensure that countries in developing regions are better equipped to implement and monitor their development agenda.

147. Population and housing censuses are a primary source of disaggregated data needed to formulate, implement and monitor development policies and programmes. During the 10-year span from 2008 to 2017, 89 per cent of countries or areas around the world conducted at least one population and housing census.

148 The coverage of birth and death registration and the completeness of vital statistics remain a challenge, even among countries with functioning civil registration systems. For the period 2012–2016, 143 countries have birth registration data that are at least 90 per cent complete and 148 countries have death registration data that are at least 75 per cent complete. In sub-Saharan Africa, only 8 out of 53 countries have birth registration data that are at least 90 per cent complete, and only 9 out of 53 countries have death registration data that are at least 75 per cent complete.